

Message Text

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SUBJECT: BAYBAKOV REPORT ON THE TENTH FIVE YEAR PLAN

REF: MOSCOW 16846

BEGIN SUMMARY: IN A REPORT ON THE TENTH FIVE YEAR PLAN (1976-80) TO THE SUPREME SOVIET SESSION ON OCTOBER 27, DEPUTY PREMIER AND GOSPLAN CHAIRMAN BAYBAKOV STATED THAT THE PLAN IS "TAUT" BUT REALISTIC AND THAT IT IS CONSTITUTED IN "FULL ACCORDANCE" WITH THE BASIC GUIDELINES ADOPTED LAST MARCH. THE OVERALL INDICATORS WERE WITHIN THE RANGE APPROVED IN MARCH EXCEPT FOR LABOR PRODUCTIVITY, WHICH WAS SOMEWHAT LOWER. THE INDUSTRIAL PRODUCTION TARGETS MENTIONED ARE GENERALLY IN THE HIGH END OF THE RANGE. NO PERCENTAGE INCREASE FOR GROUP A INDUSTRIES WAS GIVEN, ALTHOUGH AN ABSOLUTE TARGET WAS STATED. THE SPEECH BROKE LITTLE NEW GROUND, LACKED ANY GREAT DETAIL, AND WAS MAINLY A REPETITION OF THE THEMES IN BREZHNEV'S SPEECH ON OCTOBER 25 AND THOSE DISCUSSED

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AT THE PARTY CONGRESS. BAYBAKOV DID CLAIM THAT SOVIET

NATIONAL INCOME AT THE BEGINNING OF 1976 WAS 67 PERCENT THAT OF THE U.S. AND HE WARNED THAT TRADE WITH INDUSTRIAL WESTERN COUNTRIES WILL DEVELOP FASTER WITH COUNTRIES THAT SHOW "READINESS" FOR COOPERATION AND ENSURE "EQUAL CONDITIONS" FOR TRADE. END SUMMARY.

1. BEGIN UNCLASSIFIED: THE REPORT ON THE TENTH FIVE YEAR PLAN (1976-80) TO THE SUPREME SOVIET SESSION ON OCTOBER 27 WAS DELIVERED BY DEPUTY PREMIER AND GOSPLAN CHAIRMAN BAYBAKOV. DESCRIBING THE PLAN AS "TAUT" BUT REALISTIC, HE STATED IT WAS CONSTITUTED IN "FULL ACCORDANCE" WITH THE BASIC GUIDELINES ADOPTED LAST MARCH. THE MAIN POINTS WERE THE FOLLOWING:

2. OVERALL INDICATORS. WITH FEW EXCEPTIONS, THE TARGETS CITED BY BAYBAKOV WERE WITHIN THE RANGE GIVEN IN THE MARCH PLAN GUIDELINES. NATIONAL INCOME WILL INCREASE BY 26 PERCENT, INDUSTRIAL OUTPUT BY 36 PERCENT, AND GROSS AGRICULTURAL OUTPUT BY 16 PERCENT. LABOR PRODUCTIVITY IN THE WHOLE ECONOMY, HOWEVER, WILL INCREASE BY 25 PERCENT COMPARED TO 27 PERCENT MENTIONED IN THE KOSYGIN SPEECH LAST MARCH. LABOR PRODUCTIVITY IN INDUSTRY WILL INCREASE 31 PERCENT COMPARED TO 30-34 PERCENT IN THE GUIDELINES. CAPITAL INVESTMENT IS "ENVISAGED" TO BE 621.4 BILLION RUBLES (IN 1976 PRICES) A 26 PERCENT INCREASE OVER THE NINTH PLAN (1971-75).

3. BAYBAKOV CLAIMED THAT FULFILLMENT OF THE PLAN WOULD ALLOW THE USSR TO ACHIEVE "FURTHER SUCCESSES" IN ECONOMIC COMPETITION WITH THE U.S. HE ASSERTED THAT IN 1980 USSR'S NATIONAL INCOME, AS AGAINST "67 PERCENT" AT THE BEGINNING OF 1976, THE VOLUME OF INDUSTRIAL OUTPUT WOULD BE 109 PERCENT AS COMPARED TO 80 PERCENT AND AGRICULTURAL OUTPUT ABOUT 100 PERCENT AS COMPARED TO 85 PERCENT AT THE BEGINNING OF 1976.

4. INDUSTRY. BAYBAKOV AFFIRMED THAT HEAVY INDUSTRY WILL AGAIN DOMINATE IN GROWTH RATES, CITING IN PARTICULAR FUEL AND POWER, METALLURGY, CHEMICALS, AND MACHINE BUILDING. WHILE ASSERTING THAT GROWTH IN PRODUCTION OF THE MOST IMPORTANT INDUSTRIAL GOODS WOULD HAVE THE HIGHEST "ABSOLUTE" GROWTH IN SOVIET HISTORY, HE DID NOT GIVE A FIGURE FOR THE PERCENTAGE INCREASE IN GROUP A (HEAVY INDUSTRIES). HE DID SAY GROUP A LIMITED OFFICIAL USE

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OUTPUT WOULD GROW BY MORE THAN 138 BILLION RUBLES. (BEGIN FYI: THE PLAN GUIDELINES HAD SET A RANGE OF 38-42 PERCENT. END FYI). GROUP B PRODUCTION WILL INCREASE 32 PERCENT, INCLUDING FOOD BY 24 PERCENT AND LIGHT INDUSTRY BY 27 PERCENT. BAYBAKOV NOTED THAT CONSUMER GOODS PRODUCTION HAS A "SPECIAL PLACE" AND REPEATED BREZHNEV'S THEME THAT THIS SECTOR HAS GREAT POLITICAL AS WELL AS ECONOMIC SIGNIFICANCE.

5. THE SECTORAL TARGETS FOR HEAVY INDUSTRY CITED ALL ARE AT THE TOP OF THE RANGE DETAILED LAST MARCH. THE PRINCIPAL TARGETS INCLUDE: 640 MILLION TONS OF OIL, 435 BILLION CUBIC METERS OF NATURAL GAS, 805 MILLION TONS OF COAL, 143 MILLION TONS OF MINERAL FERTILIZER, AND 117.5 MILLION TONS OF ROLLED STEEL PRODUCTS. TOTAL MOTOR VEHICLE PRODUCTION WILL BE ALMOST 2.3 BILLION, SOMEWHAT HIGHER THAN THE MARCH TARGET OF 2.1-2.2 BILLION. AND THE TARGET FOR GAS PIPELINE CONSTRUCTION, 36,500 KILOMETERS, WAS ABOUT 1,500 KILOMETERS HIGHER THAN THE MARCH FIGURE. PARTICULAR EMPHASIS IN THE FUEL-POWER SECTOR WAS GIVEN TO USE OF COAL, ATOMIC ENERGY AND HYDRO POWER.

6. APPROPRIATE EMPHASIS WAS GIVEN TO THE NEED TO IMPROVE QUALITY AND EFFICIENCY IN PRODUCTION AND ON THE NEED FOR MORE RATIONAL AND ECONOMIC USE OF RAW MATERIALS AND PRODUCTS. BAYBAKOV ALSO REFERRED TO A SPECIAL SECTION "RAZDEL" IN THE PLAN DEALING WITH DEVELOPMENT AND USE OF THE LATEST EQUIPMENT AND TECHNOLOGY.

7. AGRICULTURE. THE GOAL OUTLINED BY BAYBAKOV IN A RELATIVELY SHORT SECTION OF THE SPEECH WAS TO GUARANTEE A "RELIABLE SUPPLY" OF PRODUCTS TO THE POPULATION AND RAW MATERIALS TO INDUSTRY. HE REPEATED THE 1980 GRAIN OUTPUT TARGET OF 235 MILLION TONS CITED BY BREZHNEV (REFTEL) AND THAT AGRICULTURAL INVESTMENT WOULD BE 170 BILLION RUBLES IN 1976-80. HE CITED AS A KEY PROBLEM THE NEED TO ESTABLISH A FIRM CATTLE FEED BASE. OTHERWISE HE SPOKE OF THE NEED FOR INCREASED MECHANIZATION, CHEMICALIZATION, SPECIALIZATION OF PRODUCTION AND FARM AMALGAMATION, AND IRRIGATION AND LAND IMPROVEMENT.

8. TRANSPORT. TOTAL FREIGHT TURNOVER IS TO INCREASE 32 LIMITED OFFICIAL USE

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PERCENT WITH ROAD AND OIL PIPELINE TRANSPORT LEADING THE WAY. BAM CONSTRUCTION IS TO RECEIVE MORE THAN 2 BILLION RUBLES AND IN -9

79 THE BAM-TYNDA-BERKAKIT LINE IS TO BE IN REGULAR USE. THE MERCHANT FLEET WILL BE REPLENISHED WITH 4.6 MILLION DEADWEIGHT TONS RATHER THAN 5 MILLION AS SET IN MARCH.

9. CAPITAL INVESTMENT. PRIMARY EMPHASIS IS ON RE-EQUIPPING AND RECONSTRUCTION OF EXISTING PLANTS. THIS WILL ACCOUNT FOR 64 PERCENT OF ALL NEW INVESTMENT. BAYBAKOV ALSO CALLED FOR FASTER COMPLETION OF UNFINISHED PROJECTS.

10. FOREIGN TRADE. TRADE WILL INCREASE BY 33.5 PERCENT. TRADE WITH "SOCIALIST" COUNTRIES WILL INCREASE 41 PERCENT

AND THE SHARE OF TOTAL SOVIET TRADE WITH THIS SECTOR WILL BE 61 PERCENT. UNLIKE BREZHNEV, BAYBAKOV GAVE NO FIGURE ON TRADE WITH THE WEST. HE DID SAY THIS TRADE WILL BE EXPANDED BUT IT WOULD DEVELOP FASTER WITH THOSE COUNTRIES WHICH SHOW "READINESS FOR COOPERATION" AND ENSURE "EQUAL CONDITIONS" FOR MAINTENANCE OF SUCH TIES. END UNCLASSIFIED.

11. COMMENT. BEGIN LIMITED OFFICIAL USE. WE WERE STRUCK BY BAYBAKOV'S SOMEWHAT DISINGENUOUS CALCULATIONS ON THE COMPETITION WITH U.S. 1975 OUTPUT - AND WOULD APPRECIATE WASHINGTON'S COMMENTS ON HIS CLAIM THAT USSR NATIONAL INCOME AT THE BEGINNING OF 1976 WAS 67 PERCENT THAT OF THE U.S. THE ABSENCE OF A PERCENTAGE GROWTH FIGURE FOR GROUP A INDUSTRIES MAY BE NOTEWORTHY AND WE HAVE HEARD SOME UNSUBSTANTIATED REPORTS THAT THE ACTUAL TARGET WORKS OUT TO 37 PERCENT RATHER THAN THE 38-42 PERCENT SET IN MARCH. AT ONE POINT, HOWEVER, BAYBAKOV OBSERVED HE WOULD NOT COVER ALL DETAILS AS THESE WERE ALREADY AVAILABLE TO THE DELEGATES. OF INTEREST ALSO IS THAT INDUSTRIAL TARGETS ARE BEING SET AT THE HIGHER SIDE BUT GOALS FOR LABOR PRODUCTIVITY WERE NOTICEABLY LOWER. THIS FACTOR, ALONG WITH THE TIGHT RESOURCE SUPPLY SITUATION AND POOR RECORD IN COMPLETION OF CONSTRUCTION PROJECTS, WOULD APPEAR TO BEAR OUT BAYBAKOV'S OBSERVATION THAT THE PLAN WILL BE "TAUT". ON THE FOREIGN TRADE SIDE, THE TARGET OF 61 PERCENT OF TOTAL TRADE WITH "SOCIALIST" COUNTRIES WOULD BE A CONSIDERABLE JUMP FROM THE 1975 LEVEL
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OF APPROXIMATELY 56 PERCENT. BAYBAKOV'S FORMULATIONS ON TRADE WITH THE WEST (U.S.) ALSO SEEMED, PREDICTABLY, SOMEWHAT TOUGHER THAN BREZHNEV'S RECENT STATEMENT (REFTEL). SEPTTEL FOLLOWS ON 1977 PLAN AND BUDGET. END LIMITED OFFICIAL USE.
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